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FISCAL IMPACT STATEMENT

LS 6143

BILL NUMBER: SB 152

NOTE PREPARED: Nov 23, 2012

BILL AMENDED:

SUBJECT: Property Tax Assessments.

FIRST AUTHOR: Sen. Eckerty

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill provides that in the case of real property that is the subject of a property tax appeal in which the gross assessed value is determined by the property tax assessment board of appeals (PTABOA), the assessed value determined by the PTABOA is the base assessed value in subsequent years. The bill specifies that this base assessed value is to be adjusted for the annual adjustment factor, the general reassessment of real property, and any physical change to the property. It provides that the base assessed value may be changed if the ownership of the property changes.

Effective Date: July 1, 2013.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: Currently, when a taxpayer prevails in an assessment appeal to the PTABOA, the PTABOA's assessment modification applies only to the tax year or years that were appealed. Each tax year stands on its own. While the local assessor may use this modified assessment as the base for assessments in subsequent years, the assessor is not required to do so.

Beginning with March 1, 2014, assessments under this bill, the modified assessment would be the base for future annual adjustments and reassessments as long as the ownership remains the same. Adjustments to the

assessment would also be permitted if the real property undergoes a physical change.

Currently, there are several reasons why an assessment modified by the PTABOA may not be carried forward. They include:

1. Timing issues between adjudication of the appeal and certification of the following year's assessment.
2. Some assessments are based on the income method and income levels may change.
3. Influence factors may be applied to an assessment for a situation that presents itself for a limited amount of time.
4. Appeals of PTABOA decisions may be made to the Indiana Board of Tax Review (IBTR) and then the Indiana Tax Court and Indiana Supreme Court.

This bill would eliminate the need for real property owners to repeatedly appeal their assessments in cases where the taxpayer prevails. This could reduce the number of appeals filed in some areas which could reduce both county and taxpayer costs.

In cases of an income-based assessment, a temporary influence factor, or an assessor's appeal of a PTABOA determination, this bill could cause an assessment to remain at an artificially low level.

State Agencies Affected:

Local Agencies Affected: Local assessors, PTABOAs.

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